

Message Text

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ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 EB-08 /031 W
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R 201212Z MAR 77
FM AMEMBASSY KUWAIT
TO USDOC WASHDC
INFO SECSTATE WASHDC 7543
AMEMBASSY ABU DHABI
AMEMBASSY AMMAN
AMEMBASSY ATHENS
AMEMBASSY CAIRO
AMEMBASSY DOHA
AMEMBASSY DAMASCUS
AMEMBASSY JIDDA
AMEMBASSY MANAMA
AMEMBASSY TEHRAN
AMCONSUL DHAHRAN

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ATHENS FOR RTDO FOR ED KINNEAR

USDOC FOR STEPHEN J. KARIKAS OIM/EID

USDOC FOR BIC/CAGNE HALE

E.O. 11652: N/A
TAGS: BEXP, KU
SUBJECT: ADS OPERATIONAL SUGGESTION

REF: (A) JIDDA A-16, DTD 1-30-77, (B) USDOC 4043,
(C) JIDDA 1990.

1. JIDDA'S SUGGESTED LETTER(REF A) WHILE IMAGINATIVE, IS
NOT USEFUL DEVICE FOR KUWAIT. KUWAITI FIRMS LIKELY TO VIEW
SUCH AN APPROACH AS INTERFERENCE IN THE RUNNING OF
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THEIR BUSINESSES.

2. SINCE SUBJECT OF ADS RAISED, EMBASSY WOULD LIKE TO
POINT OUT THAT IT IS AN INEFFECTIVE SYSTEM FOR THE
PARTICULAR MARKET ECONOMY OF KUWAIT. ADS REQUIREMENTS
LENGTHEN CONSIDERABLY RESPONSE TIME TO BUSINESS
INQUIRIES; THEY INTERPOSE ANOTHER BUREAUCRATIC LAYER

BETWEEN THE COMMERCIAL SECTION AND THE INTERESTED KUWAITI OR US FIRMS; AND THEIR DEMANDS ON THE TIME AND RESOURCES OF THE SECTION HAMPER EMBASSY EFFORTS TO GATHER INFORMATION ON MAJOR TRADE OPPORTUNITIES AND TO PROMOTE US EXPORTS THAT THE KUWAIT MARKET BUYS (MACHINERY AND TRANSPORT EQUIPMENT, FOOD AND CONSUMER DURABLES, NOT SPIRAL COIL PEN SETS). BECAUSE THE ADS PRODUCTS ARE USUALLY MINOR ITEMS, E.G. "MIGHTY GRIP" PLIERS, THEIR MARKET POTENTIAL IS MARGINAL. THIS MEANS THAT THE EMBASSY MUST SPEND CONSIDERABLE TIME PHONING DIFFERENT FIRMS (SOMETIMES AS MANY AS TWENTY) BEFORE SECURING SOME INDICATION OF INTEREST FROM THE REQUISITE THREE FIRMS.

3. THROUGH STATISTICAL SAMPLING OF THE ADS POPULATION FOR KUWAIT FROM JUNE 6, 1976 TO FEBRUARY 28, 1977, THE COMMERCIAL SECTION HAS DRAWN A SAMPLE HAVING A CONFIDENCE LEVEL OF APPROXIMATELY 90 PERCENT. TESTING OF THE SAMPLE BY TELEPHONING THE COMMERCIAL MANAGERS OF THE FIRMS CONCERNING ADS REQUESTS DIRECTED TO THEM REVEALED: A) 80 PERCENT OF THE FIRMS ACQUIESCED TO EXCHANGING CORRESPONDENCE WITH THE AMERICAN FIRMS MORE OUT OF COURTESY TO THE EMBASSY THAN INTEREST IN THE PARTICULAR PRODUCT; B) CORRESPONDENCE RARELY RESULTED IN AN AGENCY/ DISTRIBUTORSHIP AGREEMENT; AND C) THE PRODUCTS ENCLOSED IN THE ADS REQUEST ARE EITHER ALREADY IN SUPPLY IN KUWAIT, ARE NOT DESIGNED FOR THE MARKET, ARE NOT PRICE COMPETITIVE, OR CANNOT BE DELIVERED UNDER THE TERMS DICTATED BY NORMAL KUWAITI BUSINESS PRACTICES.

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4. EMBASSY RECOMMENDATION: A MORE COST EFFECTIVE MEANS OF PROMOTING THESE ITEMS WOULD BE TO HAVE THE FIRM WRITE TO THE EMBASSY COMMERCIAL SECTION DIRECTLY, AND THE INQUIRING FIRM'S INTEREST IN AN AGENT OR DISTRIBUTORSHIP WOULD BE PUBLICIZED IN A BI-MONTHLY EMBASSY COMMERCIAL NEWS-LETTER WHICH WOULD GO OUT WITH THE USDOC MIDDLE EAST NEWSLETTER. EMBASSY SENDS THE MIDDLE EAST NEWSLETTER TO 1500 DIFFERENT FIRMS IN KUWAIT. PRODUCTS PRESENTLY SENT UNDER ADS WOULD GAIN EXTENSIVE EXPOSURE; CORRESPONDENCE INITIATED BY KUWAITI FIRMS IS A STRONGER INDICATION OF INTEREST THAN THE PRESENT, RATHER NONCOMMITTAL ACQUIESCENCE TO EMBASSY EFFORTS; AND IT WOULD BE A MORE COST-EFFECTIVE SYSTEM WITHOUT THE PAPERWORK AND FOLLOWUP THAT CURRENTLY CONSUMES SO MUCH OF THE COMMERCIAL SECTION'S TIME AND EFFORT.

5. POST WELCOMES INFO FOR ADDRESSEES REACTION PARA 4 AND MENTIONS ON UTILITY OF ADS SYSTEM IN GENERAL FOR THIS PART OF WORLD AND REQUESTS USDOC CONSIDERATION OF RECOMMENDATION IN PARA 4.

MAESTRONE

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